THE FARM INDEX

ECONOMIC RESEARCH SERVICE □ U.S. DEPARTMENT OF AGRICULTURE □ MAY 1965

THE QUARTER WHO QUIT

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Economic Trends

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1965		1964		
			YEAR	MARCH	JANUARY	FEBRUARY	MARCH
Prices:							
Prices received by farmers	1910-14 = 100	242	236	239	236	238	239
Crops	1910-14 = 100	238	237	241	233	235	237
Livestock and products	1910-14 = 100	258	235	237	238	240	241
Prices paid, interest, taxes and wage rates	1910-14 = 100	293	313	313	317	318	318
Family living items	1910-14 = 100	286	300	299	303	304	303
Production items	1910-14 = 100	262	270	272	272	273	273
Parity ratio		83	75	76	74	75	75
Wholesale prices, all commodities	1957-59 = 100	—	100.5	100.4	101.0	101.2	101.3
Commodities other than farm and food	1957-59 = 100	—	101.2	101.1	101.9	101.9	102.0
Farm products	1957-59 = 100	—	94.3	95.2	93.0	94.5	95.5
Food, processed	1957-59 = 100	—	101.0	100.5	102.2	102.1	101.8
Consumer price index, all items	1957-59 = 100	—	108.1	107.7	108.9	108.9	—
Food	1957-59 = 100	—	106.4	105.7	106.6	106.6	—
Farm Food Market Basket: [1]							
Retail cost	Dollars	983	1,015	1,006	1,015	1,013	—
Farm value	Dollars	388	373	370	378	381	—
Farm-retail spread	Dollars	595	642	636	637	632	—
Farmers' share of retail cost	Per cent	39	37	37	37	38	—
Farm Income:							
Volume of farm marketings	1957-59 = 100	—	118	90	127	89	90
Cash receipts from farm marketings	Million dollars	32,247	36,748	2,414	3,283	2,359	2,500
Crops	Million dollars	13,766	16,820	773	1,630	864	800
Livestock and products	Million dollars	18,481	19,928	1,641	1,653	1,495	1,700
Realized gross income [2]	Billion dollars	—	42.0	—	—	—	42.1
Farm production expenses [2]	Billion dollars	—	29.4	—	—	—	29.7
Realized net income [2]	Billion dollars	—	12.6	—	—	—	12.4
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	6,347	524	210	326	—
Agricultural imports	Million dollars	3,977	4,082	382	175	269	—
Land Values:							
Average value per acre	1957-59 = 100	—	—	131	135 [3]	137 [4]	—
Total value of farm real estate	Billion dollars	—	—	150.8	154.9 [3]	157.8 [4]	—
Gross National Product [2]	Billion dollars	456.7	622.6	608.8	—	—	649.0
Consumption [2]	Billion dollars	297.3	399.3	390.0	—	—	418.2
Investment [2]	Billion dollars	65.1	87.7	85.9	—	—	94.4
Government expenditures [2]	Billion dollars	92.4	128.6	125.2	—	—	130.0
Net exports [2]	Billion dollars	1.8	7.0	7.7	—	—	6.4
Income and Spending: [5]							
Personal income, annual rate	Billion dollars	365.2	491.4	510.2	510.2	511.0	513 5
Total retail sales, monthly rate	Million dollars	17,105	21,802	21,223	22,900	23,421	23,224
Retail sales of food group, monthly rate	Million dollars	4,159	5,183	5,112	5,192	5,354	—
Employment and Wages: [5]							
Total civilian employment	Millions	64.9	70.4	69.8	71.3	71.3	71.4
Agricultural	Millions	6.0	4.8	4.6	4.5	4.6	4.6
Rate of unemployment	Per cent	5.5	5.2	5.4	4.8	5.0	4.7
Workweek in manufacturing	Hours	39.8	40.7	40.6	41.4	41.3	41.5
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.54	2.51	2.59	2.59	2.60
Industrial Production [5]	1957-59 = 100	—	132	129	138	139	140
Manufacturers' Shipments and Inventories: [5]							
Total shipments, monthly rate	Million dollars	28,745	37,129	36,222	38,885	38,786	—
Total inventories, book value end of month	Million dollars	51,549	62,944	60,326	63,213	63,347	—
Total new orders, monthly rate	Million dollars	28,365	37,697	36,547	39,704	39,602	—

[1] Average annual quantities of farm food products purchased by urban wage-earner and clerical-worker households (including those of single workers living alone) in 1960-61—estimated monthly. [2] Annual rates seasonally adjusted first quarter. [3] As of July 1, 1964. [4] As of November 1, 1964. [5] Seasonally adjusted.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

What's the crop? Here are some clues.

? Although grown in the United States since the early 1800s, it emerged from obscurity only within the past 40 years.

? Of six major crops in the U.S., it was the only one showing a gain (192 per cent) in harvested acreage during the postwar period. By 1964, cotton acreage dropped 49 per cent, oats 46 per cent, wheat 35 per cent, corn 33 per cent and hay 7 per cent, compared with 1947 levels.

? As a cash crop, it is outranked in value only by corn and cotton; it surpassed wheat last year for the first time (excluding the value of wheat certificate payments under the 1964 wheat program).

? During the past two marketing years, exports of the crop (including its products) have returned more dollars to the United States than any other single agricultural commodity.

Obviously, the crop is soybeans—cultivated in Asia since at least 2200 B.C. and now a significant crop in nearly all U.S. farming areas. Its production base has spread from the Corn Belt (accounting for 70 per cent of 1947-49 output compared with 55 per cent now) to the Delta States (15 per cent now), the Lake States (11 per cent), the Atlantic States (8 per cent), Plains States (6 per cent) and others (5 per cent).

Acreage planted to soybeans has gone from less than 2 million in 1925 and 13 million as recently as 1947 to 34 million intended for planting this spring—third only to corn and wheat in acreage planted to cash crops.

World War II sparked the soybean upsurge on U.S. farms. In the 1930s, the United States was a net importer of oilseeds, fats and oils. The war cut off many traditional suppliers at a time when demand was rising fast for oilseeds and their products in livestock feed, shortening and margarine. These needs, along with increased government price supports—and nearly a half-century background of soybean production research by USDA and others—boosted U.S. soybean acreage and output.

Several things have contributed to increased postwar volume. Market outlets for soybeans, oil and meal have expanded rapidly at home and abroad. Also, prices to growers have been favorable—soybeans have never been in surplus and prices most years have been well above support levels.

New varieties have resulted in some long-run yield increases and have broadened the competitive production area. The trend to mechanization, and with it the trend away from grain production for horses and mules, has helped boost production, too.

For the past five years, farmers have harvested more soybeans each year, but prices they have received also have gone up because of increased demand. Production last year was about 700 million bushels, up from 555 million in 1960. It could go well above 800 million bushels this year on the increased acreage intended for planting.

Demand has been rising in step with higher production, leaving hardly any carryover at the end of each marketing year. Exports have gone up remarkably—from 130 million bushels in 1960 to an estimated 205 million this marketing year (October-September). And domestic crushings have trended generally up as well—from 402 million bushels to an estimated 470 million this year.

Prices to farmers this marketing year will likely average about $2.65 a bushel. This represents a fairly steady climb from the $2.13 a bushel average in 1960.

Farm Income Near Last Year's Level

Last fall, USDA took a look at prospects for

the agricultural outlook

this year and decided that realized net farm income for the United States would probably be close to the 1964 level of $12.6 billion. A reappraisal this spring confirms the earlier forecast.

Realized gross income for 1965 may go above the record high $42 billion last year. However, production expenses are also likely to go up more than they did last year but less than the average gain of the past decade.

Total cash income may rise due to an increase in government payments. Cash receipts from farm marketings may total about the same as the $36.7 billion estimated for 1964, with larger marketings offsetting slightly lower farm prices.

Egg Outlook Brightens

The outlook for egg production in the second half of 1965 has changed as a result of a 13 per cent cut from a year earlier in the January-March hatch of chicks for replacement layers. A further cut probably occurred in April, based on a 19 per cent reduction in eggs set at the beginning of the month. Reduced hatchings mean fewer new layers will be added to the nation's laying flock after midyear. Although the uptrend in the rate of lay probably will resume in the second half, egg production, because of the smaller flock, isn't likely to exceed July-December 1964 output by more than 1 per cent. Previously, a much larger increase had been expected.

Egg prices in May and June may average a little under a year earlier, but in the second half they are likely to rise more than they did last year in the same period.

Wheat Output May Be Steady

Winter wheat production for 1965 was forecast at 1,037 million bushels, based on April 1 conditions, and the March planting intentions report indicated that farmers might produce 261 million bushels of spring wheat. Totaling about 1,298 million bushels, the 1965 crop would be about the same as output last year.

Signup in the 1965 wheat program totaled 7.5 million acres for diversion from wheat use. This compares with 5.1 million acres actually diverted last year.

The national average price support loan for 1965 crop wheat is $1.25 per bushel, 5 cents below last year. But marketing certificates this year are worth more—up 5 cents for both the domestic certificates (to 75 cents) and export certificates (to 30 cents).

Feed Grain Signup Largest Yet

More farmers have signed up for a greater acreage diversion under this year's feed grain program than in any of the past four years. Enrollment includes 1,483,000 farmers, 181,000 more than in 1964. They signed up to divert 36.6 million acres of feed grains to soil conserving uses, 2.3 million more than were pledged in 1964 and 4.1 million more than were actually diverted.

Accordingly, farmers will plant about 120 million acres of feed grains this year, based on their March 1 plans. This is nearly 3 million below last year, the least in more than 60 years and about 31 million below the 1959-60 average —the base period for the feed grain program.

Cotton Carryover Up

The cotton carryover next August 1 is expected to total around 13.4 million bales (upland)—up almost 1.3 million from 1964 and the most since the record high in 1956.

Carryover will increase because disappearance is running well below 1964's large crop, a bumper one thanks to record high yields. Expected disappearance will total about 13.9 million bales, off slightly from a year earlier. A sharp gain in mill use is being offset by a drop in exports.

More Peaches and Oranges

Early spring prospects for deciduous fruit crops were generally favorable, except in the Pacific Northwest where orchards were damaged by freezing weather. In the nine southern peach states, propects for the new crop were much more favorable than a year ago when a severe freeze trimmed output.

Production of 1964/65 crop oranges, especially Florida and California Valencias now being harvested, is exceeding expectations of a few months ago. The Florida crop is much larger than a year ago and output of canned and frozen juice is up sharply. Prices for fresh and processed oranges and grapefruit continue to be generally below year-earlier levels.

SUGAR BEETS: HIGH ON RETURNS

At current and projected sugar beet prices, eastern region farms can profit handsomely by adding a beet enterprise

Sugar beets are an unfamiliar crop to most farmers. Until innovations in production methods and the Cuban situation helped to make the output of beet sugar more profitable, production was increasing very slowly. This was true particularly in the eastern growing region of Michigan, Wisconsin and Ohio.

Now the income outlook for growers of sugar beets is brighter than prior to Castro's take-over of Cuba. Recent federal legislation has increased the quota for domestic beet sugar. Producers in the eastern region are due to share in the gain in acreage.

To get a better idea of the costs and returns of typical beet-growing operations in the eastern region, researchers picked four farm situations for analysis. The data were collected from a sample of 101 beet growers in Michigan and Ohio. (Wisconsin no longer has any processing plants and beets are grown only on a few farms.)

From their analysis of the Michigan and Ohio growers and projections of future prices, specialists concluded that other farmers are likely to join their beet-growing neighbors. However, the actual number that do isn't expected to exceed 20 per cent of the nonparticipants in the soil areas adapted to beet production in Michigan and Ohio.

In addition to sugar beets, typical crop enterprises on sample farms included edible dry beans, corn, small grains and alfalfa hay. In the analysis for Ohio, soybeans were substituted for the edible dry beans. The analysis for the Michigan districts was made with and without livestock alternatives because many sugar beet growers produce crops only. All crop prices were set at recent levels.

With no livestock (Michigan only), sugar beets would be produced to contract limits regardless of price per ton. (The range was from $10.60 to $15.10). This was true even when prices for corn and edible dry beans were 20 per cent above the averages for the area in 1962. New growers with suitable soils in Michigan would find beet production profitable combined with all the alternative crops in the model setup (assuming the farmers would be as efficient in producing beets as the existing growers).

When livestock alternatives were included (beef feeding, hog or dairy production), sugar beets were profitable at the contract limit as long as the price per ton was $12.85 or higher. In this case, the minimum beet price was higher than for farms producing crops only, because the corn crop was more valuable when used as livestock feed. New producers would find the beet enterprise less attractive under the conditions in this arrangement because the net returns were about the same as those from existing enterprises.

In the Ohio situations, sugar beets competed successfully with

PROJECTED NET RETURN FOR SUGAR BEETS IN MICHIGAN SHOWS THEM TO BE A PROFITABLE CROP

Crops	Yield per acre	Price per unit	Gross income	Total expenses[1]	Net returns
			Dollars		
Sugar beets	18 tons	12.85[2]	231.30	165.70	65.60
Edible dry beans	18 cwt.	6.00	108.00	84.49	23.51
Corn for grain	100 bu.	1.04	104.00	92.25	11.75
Corn for silage	18 tons	6.50	117.00	109.33	17.67
Oats	80 bu.	.65	52.00	71.31	(loss)
Wheat	55 bu.	1.78	97.90	75.03	22.87
Alfalfa hay	3 tons	18.00	54.00	77.98	(loss)

[1] Interest on real estate loans is figured at 5.5 per cent and wages for hired labor at $2 per hour. [2] Includes government payment to grower.

other crop enterprises. Even with the highest prices for corn and soybeans and only $10.60 per ton for the beets, they remained in the maximum returns plan up to the full contract acreage.

At $12.85 per ton, the net return for beets in Ohio was $65.60. This compared with returns of $28.57 for corn silage, $24.79 for corn (grain), $13.49 for wheat, $11.23 for soybeans and a loss on oats. (Other Ohio figures were the same as those for Michigan.)

At all beet prices, the value of adding a beet enterprise to an existing farm operation exceeded the cost of the extra equipment needed by a wide margin of profit. *(1)*

Fed. Crop Insurance Helps Localities As Well as Farmers Who Participate

Drought, flood, frost, hail, disease, insects—any one of them can destroy a farmer's crops. And such a disaster may force him to go deeper in debt or reduce his financial reserves and curtail his spending for even the most necessary farm production and family living items. When this happens to a number of farmers in an area, the local banks and businesses may feel the pinch, too.

Crop insurance often helps to ease the financial impact of crop failures. Farmers in Montana and Virginia who were hit by severe drought in 1963 particularly found this to be the case. Some of the insured farmers in two small areas of Montana and Virginia were interviewed to get an idea of the role that federal crop insurance (FCI) played in their financial operations during 1963.

Uninsured farmers were interviewed for comparison. Major farm lenders and a sample of businesses dealing with farmers also were asked about their experiences in connection with FCI. These are some of the results.

—Crop insurance was important to the participating farmers because, as a group, they generally had lower yields, smaller incomes, less savings and were deeper in debt than their uninsured neighbors. Their farm operations were less diversified, too.

—Despite the better overall financial position of the uninsured group, some of these farmers had difficulty obtaining credit during 1963 and would have benefited from crop insurance.

—Some of the lenders weren't fully informed about the federal crop insurance program and most of them rarely required farmer-borrowers to carry it. However, the 1963 drought made lenders more aware of the value of crop insurance. They reported noticing that, in comparable situations, insured farmers repaid loans on time more often than did the uninsured borrowers.

—Lenders usually were more willing to carry delinquent loans or to make new loans for insured farmers than they were for uninsured producers.

—Many businessmen handling farm supplies on credit said farmers with crop insurance were more apt to pay bills when due. Businessmen also thought insured farmers were more likely to go ahead and buy items needed for farm operations and family living during a poor crop year. But they believed farmers put off purchases of machinery and other capital goods.

—Although the indemnities paid in the two survey areas were small in relation to other sources of farm income, bankers, other lenders, businessmen and tax collectors thought that crop insurance helped to bolster the rural economy during poor crop years.

FCI payments were concentrated in a two- or three-month period. Collateral assignments were common in Montana but rare in Virginia. *(2)*

Signed on the . . .

The Federal Crop Insurance Corporation issued about $546 million worth of coverage in 1964. Maximum liability in 1963 totaled nearly $497 million. The 1964 increase was due mainly to protection for more farmers. Also, another crop, safflower, was added to the list of 22 crops already included.

There were 1,188 counties where FCI coverage was available last year. The largest single group of county programs, 597, was for wheat. Corn programs were next with 446 counties, followed by soybeans with 436 counties.

Beginning this year, the Secretary of Agriculture is permitted by law to add 150 new counties annually to those already covered by federal crop insurance. *(3)*

Farmers Favor '64 Grain Program Provisos, Participation Up From '63

In number of farms and in acreage diverted, participation in the 1964 Feed Grain Program was larger than a year earlier. The gain in the number of farms was 4 per cent—to a total of 1.2 million—and in acreage diverted, 32 per cent—to 32.4 million.

The number of farms participating in the 1964 program was 39 per cent of the 3.2 million having a feed grain base. About 41 per cent of the participating farmers diverted their entire feed grain acreage.

Total payments to farmer-participants in 1964 were $1,171 million, $326 million more than in 1963. Diversion payments were $889 million of the total, a gain of $427 million over a year earlier. The sharp increase resulted from a higher rate of payment per acre —the average was $27.42, up $8.50 from 1963—and the one-third increase in acreage diverted.

Total support payments to feed grain producers during 1964 were $282 million, $101 million less than the previous year. The reduction was the result of the lower support payment and the smaller eligible acreage. *(4)*

More Feed Grain and Hay This Year Is Consensus of "Armchair" Opinions

Count on corn, hope for hay but in any case, figure on feed. This may well be the way farmers think about prospects for feed supplies this year.

According to March 1 intentions to plant, farmers intend to cut their 1965 acreages of feed grains to about 120 million acres or 2 per cent less than in 1964. The reduction is generally in line with the higher signup for the 1965 Feed Grain Program. By crops, the acreage changes are: corn, down 1 per cent; oats, off 6 per cent; barley, reduced 12 per cent; and sorghum grain, up 4 per cent.

If farmers carry out their March 1 plans and if yields are about average (taking into account the upward trend of recent years), feed grain production in 1965 probably will total slightly over 150 million tons. If so, output will be about 10 per cent higher than in 1964 (when yields were affected by drought) and only a little below the 1963 record. This size of crop, together with the expected carryover of around 56 million tons, adds up to a 1965/66 domestic supply not greatly different from that of a year earlier.

Plantings of corn are expected to total 66.9 million acres. With average yields, the 1965 crop prospect is about 4.1 billion bushels—close to the record 1963 crop. When the prospective carryover of not quite 1.2 billion bushels is added, the 1965/66 marketing year supply figures at a little over 5.2 billion, slightly larger than in 1964/65.

Based on March 1 intentions, the 1965 sorghum grain acreage will be about 17.5 million acres, 4 per cent more than a year ago.

With a normal growing season and allowing for an upward trend in yield, the 1965 sorghum grain crop is likely to be around 580 million bushels, up 90 million from last year. With carryover, the total supply for 1965/66 likely will come to a little under 1.2 million bushels.

The acreage reduction in prospect for oats is about in line with the gradual decline that has occurred for a number of years. However, the change in the 1965 program which permits planting wheat on oat-rye acreage may have been partly responsible.

Likewise, the wheat-for-barley provision in the 1964 grain programs has helped to bring about the cut in prospect for barley acreage. Average weather conditions and yields are likely to result in a crop of 339 million bushels, 64 million below 1964.

According to March 1 plans, 68.4 million acres of hay will be harvested this year. This is nearly 1 per cent above actual harvested acreage in 1964. At average yields (and allowing for trend), this year's hay crop may be nearly 120 million tons, 3 per cent above last year's crop. *(5)*

Loan Launchings

In line with the rising cost of land, the average size of mortgages has been going up. Farm mortgages recorded by the principal lender groups during the first quarter of 1963 averaged $14,320, 30 per cent larger than those closed during the same period two years earlier. (The data are from biennial surveys.)

The average interest rate on farm mortgages recorded in January-March 1963 was 5.65 per cent, down slightly from first quarter 1961. The average term was 17 years; this was between 10 and 11 months longer than in the previous survey.

The findings are from an analysis of roughly 53,000 farm mortgage recordings. Part of the information was obtained by the Farm Credit Administration from managers of the federal land banks and from county recorders and others. The major life insurance companies also provided data. *(6)*

Erie County Leads New York State With 16,877 Acres in Vegetable Crops

How do yields per acre and costs per unit of production for vegetable growers in Erie County, New York, stack up against those of farmers in other areas of the country? Here's a profile to help other vegetable growers make comparisons:

—In 1959 (when county figures were last available), Erie County vegetable growers were first in New York State with 16,877 acres harvested; third in value of sales with over $3.1 million.

—In a survey of 198 farms, cropland per farm averaged nearly 129 acres with vegetables grown on 58 of them.

—Roughly half of the farmers grew four or more truck crops.

—The largest number of farms, 83, produced sweet corn for fresh market. Seventy-eight operations reported growing tomatoes for fresh use; 73 had cabbage; 69, strawberries; 57, squash; 53, cauliflower; and 44, snap beans. Crops less frequently mentioned were cantaloupes and green peas.

—Farmers producing vegetables for processing most often mentioned snap beans. Fifty-two operations were in this group. Tomatoes were the next most often listed with 42 farms in production. A number of other vegetables were grown commercially, but in very small amounts.

—Costs of contract labor and materials (seed and plants, sprays, fertilizer and so forth) for sweet corn averaged 46 cents a crate (five dozen ears) at yields of 61 hundredweight (cwt.) per acre. Tomato yields were 169 cwt. at a production cost of $1.03 per cwt. Cabbage came to 212 cwt. and $1.23. Strawberries yielded close to 217 crates (16 quarts) at $1 per crate. Squash yields averaged 139 cwt. and cost 39 cents a crate (60 pounds each). Yields of cauliflower were over 90 cwt. for 52 cents a crate (12 heads). *(7)*

THE QUARTER WHO QUIT

Almost six million school dropouts—about one out of four of all 16- to 24-year-olds—were in the labor market in 1960, a market in which a high school education has become the norm and where more and more occupations require college or other post-high school training.

cause . . .

Why did they quit? How are dropouts different from the young people who finish 12 years of school and more? How do they fare in the labor market?

The Economic Research Service has analyzed figures from the 1960 Census of Population in search of answers. A close relationship was found between dropout rates and the following social and economic factors:

Racial and ethnic background. Forty per cent of all foreign-born whites between 16 and 24 years of age in 1960 had dropped out before graduating from U.S. high schools. Language problems may have been a factor.

Only 25 per cent of native-born whites had quit. But among these, dropout rates varied considerably according to the birthplace of their parents. The dropout rate of 16- to 24-year olds with native-born parents was 25 per cent, but for children of immigrants from Europe it was much lower. With one or both parents born in northern or western Europe the rate was 16 per cent; central or eastern Europe, 13 per cent; southern Europe, 24 per cent. The dropout rate for children of immigrants from elsewhere in the world was 31 per cent.

Dropout rates for nonwhites were highest for American Indians—49 per cent. Forty-four per cent of Negroes aged 16 to 24 were school dropouts.

In sharp contrast to these high rates, dropout rates for Japanese and Chinese youths were quite low. Only 10 per cent did not finish high school. Of all other nonwhites, 27 per cent were dropouts.

Marital status. For young women, marriage was a major reason for dropping out of school. In 1960, 45 per cent of all dropouts 16 to 19 years old were married, compared with only 29 per cent of all high school graduates 16 to 19 years old and 3 per cent of those still enrolled in school.

Parent's income, education and occupational status. Fathers with a high level of education generally had high status jobs and high earnings — and their children stayed in school longer than the children of poorly educated, low income, low status workers.

But income is considerably less important as an influence on dropout rates than the educational level of fathers. Estimated dropout rates were lower for 16- and 17-year-olds in low-income families (under $3,000) where the father had completed 12 years or more of school than they were in families where income was over $7,000 but the father was a dropout.

The educational level of mothers was also important. In comparisons of families where the fathers all had the same amount of education, the "risk" of children dropping out of school was greatest in families where the husband married a woman with less education than himself, least where the wife had more education.

By occupational status, the lowest dropout rates were for children of professional or technical workers (5 per cent for 16- and 17-year olds) and nonfarm managers (7 per cent). The highest dropout rates were for children of farm laborers (31 per cent) and nonfarm laborers (22 per cent).

School retardation. Dropouts were often enrolled in grades several years behind their age group at the time they quit school.

Relationships between school retardation rates and family income, education and job status were the same as in the case of dropout rates.

Rural versus urban residence. Rural dropout rates were generally higher than urban rates, but not because country living discouraged intellectual endeavor. Differences between rates largely disappeared when differences in family income, education and occupation were taken into account. Rural dropout rates were higher because, for example, three times as many rural as urban students 16 to 17 years old had grade-school dropout fathers who made less than $5,000.

Regardless of the reasons for quitting school, dropouts pay heavily throughout their working lives for not having a high school diploma. Data from the 1960 Census showed that graduates have larger proportions of their number in the labor force and in white collar jobs; smaller proportions unemployed. *(8)*

. . . and effect

Low incomes. Little education. Too many farmers on too little land.

Sounds like the description of an underdeveloped country on the far side of the world.

But it isn't. It's a five-county area less than a hundred miles south of Ft. Knox, Kentucky. Because the area was thought to be representative of the Appalachian fringe of the southeastern states, ERS and the Kentucky Agricultural Experiment Station made an intensive study of its economic problems.

In 1949 three of the five counties had median family incomes under $1,000 a year, less than half the state median and less than a third of the U.S. median. The other two counties were slightly better off. By 1959 the median incomes of each of the counties had about doubled; but relative to the national level, the gains were scarcely noticeable.

At the time of the study, nearly one-third of the study sample of 600 families in Barren, Hart, Cumberland, Metcalfe and Monroe Counties had incomes of less than $1,000 a year. Another third had incomes of $1,000 to $2,000. Only 27 per cent of the households had cold running water. Hot running water was available to 19 per cent. Only 15 per cent had bathrooms; 8 per cent had central heating.

Color, sex or age of household heads did not adequately explain the low income level of the five-county sample. But what *did* seem the key to the problem was the fact that nearly 60 per cent of the household heads had less than an eighth grade education. Also, the close relationship between education, income and type of job that holds true in the U.S. at large seemed suspended within the five counties. There was little incentive to young people to stay in school, since there was little difference in the incomes of dropouts and high school graduates within the area.

Nonfarm workers were not clearly better off than farmers. The median income of farm operators was $1,500; rural nonfarm workers, $1,603. Neither farmers nor nonfarmers in the five counties made as much money as the median ($2,371) for farmers in the U.S. as a whole. Incomes to both were far below U.S. rural nonfarm income ($4,619).

More than half the employed males in the five counties were farming in 1960. The proportion for the state was 19 per cent and for the United States, 11 per cent.

Of the farm households with incomes under $2,000, approximately 75 per cent had able-bodied male heads under 65 years of age at the time of the study. But less than 20 per cent were both under 45 and educated through the fifth grade. Even fewer heads of nonfarm households met these very modest requirements for entering the nonfarm job market outside the area. Since wages to "outside" workers with less than an eighth grade education were quite low, it was doubtful that family heads in the five counties would have improved their incomes by migrating unless they had had at least a year or two of high school.

This lack of preparation for outside jobs, added to the limited number of local nonfarm jobs (and these offered wages that were no incentive to quit farming), tended to keep people on the farm. This resulted in a high ratio of farmers to usable land which, in turn, kept farms small and individual farmers underemployed. Ninety per cent of the farms in the five counties had less than 50 acres of cropland harvested.

As a group, the five counties considerably exceeded the state in rate of rural population loss both in the 1940s and 1950s. But unless tourism or new industry brings more nonfarm jobs into the area, out-migration will have to speed up even more before the ratio of farmers to usable land improves.

Times of higher employment in the national economy help such areas as this, since competition for labor seems to reach farther into the ranks of people of low income areas—to include workers of higher ages and lower educational levels.

In the long run, education offers the best hope for improving the income level in these five counties. But at the time of the study it seemed likely that at least half of the 14- to 17-year-olds in households with incomes under $1,000 and more than a third of those in the $1,001 to $3,000 range would not finish high school. These households included two-thirds of the 14- to 17-year olds in the sample. *(9)*

Grain marketing firms in the North Atlantic States are cutting down on the number of plants as volume of business continues to dwindle. Lower freight rates in other parts of the country have caused much of the drop.

SLOWDOWN IN NORTHEASTERN GRAIN TRADE

The 11 states in the northeastern corner of the country have more than a quarter of the population. But grain men in the region are handling a smaller and smaller portion of the total volume of grain moving into the area.

Main reason for the loss in volume can be traced to the changing rate structure for shipping grain in other parts of the country.

It's a double blow for marketeers in the area. Between 1957 and 1962, terminal elevators lost a third of their business, a good part of which was export trade shuttled to the St. Lawrence Seaway and Gulf Ports.

The result has been a sharp decline in the number of grain marketing firms in the area and a noticeable drop in the overall volume handled by terminal and country elevators, flour and feed mills and related processors.

In 1962, some 429 million bushels of whole grain were marketed in and through the Northeastern States. Over 80 per cent of this total, which includes off-farm sales, came from outside the 11-state area. And the total itself was a 10 per cent reduction from the 1957 level. The region embraces the New England States plus New York, New Jersey, Pennsylvania, Maryland and Delaware.

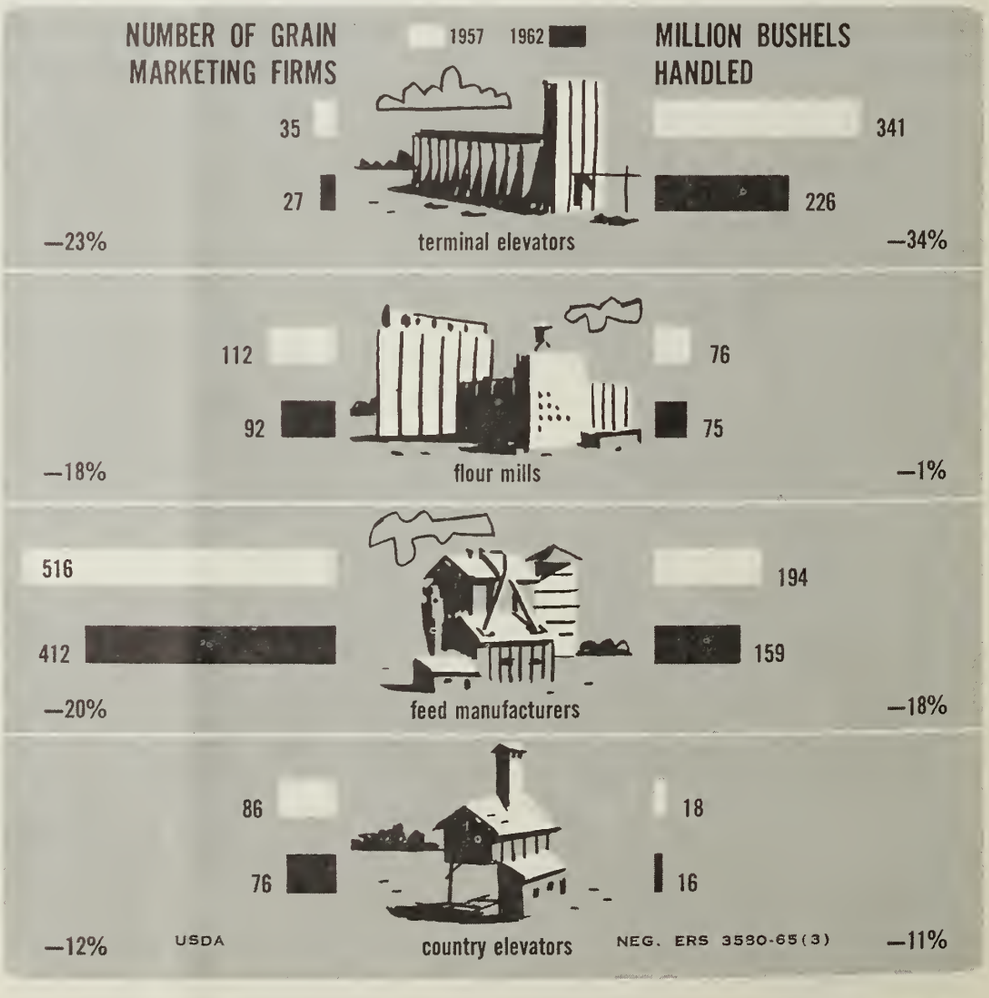
The overall drop in volume of grain handled has had a different impact on the marketing agencies, depending on their size, degree of integration and type of agency.

The performance of terminal elevators during the 1957-62 period varied greatly, depending primarily on the function performed by the elevator and the degree of integration with other elevators or with other steps in the marketing process.

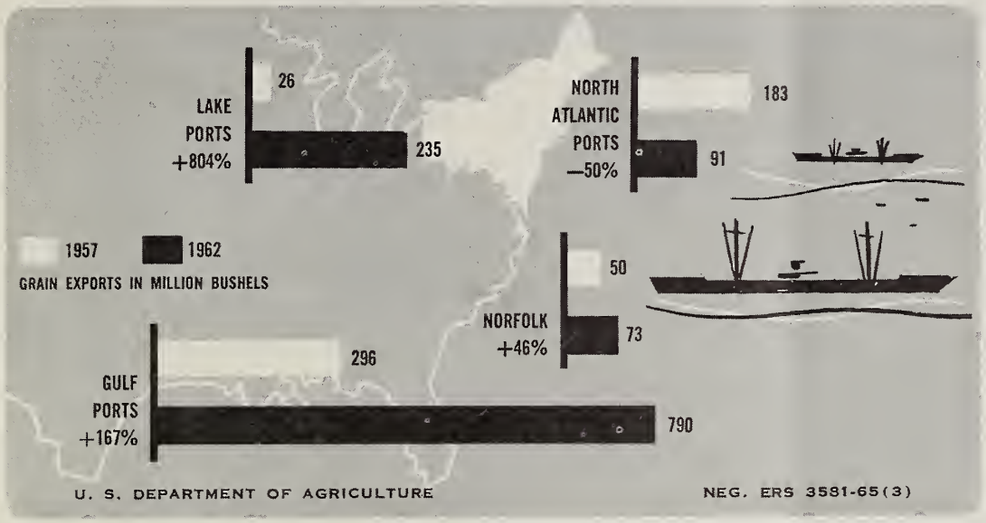
Elevators tied in with flour mills, malting firms and other food processors that were also part of a large chain of elevators felt the smallest loss of volume during the period. With the Northeast's already large population, these terminals should enjoy increasing business.

But the rest of the terminals face a less certain future. Most of them either supply feed manufacturers or are in the export or storage business. With freight rates changing, wide variations in stored grains and other grain receipts are almost inevitable.

LOCAL FIRMS LOSE OUT: The amount of grain being marketed in the Northeast dropped 10 per cent between 1957 and 1962. The percentage decline for the number of elevators and mills, as well as the volume of grain handled, was generally far sharper. Some of the loss was the result of a fall off in exports; but more of it was caused by a loss of markets to firms or plants operating from outside the 11-state area. Firms integrated with concerns outside the area were better able to survive.



BYPASS OF NORTHEAST PORTS: Grain shipments through North Atlantic area ports have slowed as more shipments move up and out the St. Lawrence, down and through Gulf ports, or southeast by way of Norfolk. Changing rates for rail freight have added impetus to the shifts started by the Seaway.



Terminal elevators operating on the thin edge of profit—and too often under it—may well be pushed out of the picture.

The Seaway and Gulf ports have already drained off a half of the export business and the demand for feed has been slowing down as suburbanization cuts into farmland, especially along the Atlantic side of the region.

The flour mills, unlike the terminals, showed no noticeable trend toward concentration, despite an overall decrease in the number of plants and a slight decline in volume handled. However, the mills were considerably more integrated at the end of the study period than they were in 1957. And the larger the mill, the more it was apt to be tied in with other types of grain marketing firms.

Also, the larger mills, not unexpectedly, survived the years better than the smaller ones; more of the latter had vanished from the scene by 1962.

The mills find themselves in the peculiar position of being in the middle of a growing market which is, to some extent, being taken over by plants outside the region. In 1962, little more than two-thirds of the regional requirement of 110 million bushels of wheat and rye was milled by local processors. In 1957, the proportion was more nearly three-fourths.

Feed manufacturers are more or less in the same boat—fewer plants, lower volume. And both the number of plants and the volume decreased proportionately far faster than the decline in grain-consuming animal units in the 11 states.

Even so, a larger proportion of big plants than little ones were still in business at the end of the period. The result was more volume concentrated in the hands of the largest plants.

Country elevators, too, lost out in numbers, as did the rest of the industry, but they came through the period with no noticeable increase in concentration of business among the top firms. The country elevators maintained their traditionally decentralized character.

For all segments of the grain industry, a high level of integration with interests outside the Northeast appeared to be the key to survival. Establishments integrated horizontally with interregional grain firms were, in most cases, more nearly able to maintain their volume of business than nonintegrated firms. *(10)*

New Method Cooks Soybeans Whole, Retains Protein and Fat for Feed Use

Cook soybeans instead of crushing them. When it comes to livestock feeds, especially for poultry, there are several advantages in this new idea.

In years past, it was more economical to crush the beans for the edible oil. The meal by-product was used as a high protein feed ingredient while tallow supplied the needed fat in feed.

Today there's less of a price differential between soybean oil and tallow. Nutritional research shows that, in broiler feeds, soybean oil is a 29 per cent better source of energy than tallow.

Due to its worth as a high protein concentrate for feed, soybean meal is now more valuable than soybean oil. Because of this switch, livestock feeders at times have had trouble buying soybean meal in some locations and prices have increased sharply.

Cooking soybeans whole is a simple way to solve much of the protein shortage in local communities and cut transportation costs as well. Cooking costs run between $1 and $5 a ton, depending on size and type of machinery.

From a feed standpoint, cooked soybeans win on two counts. Cooking destroys the enzymes in soybeans that retard animal growth. And the retained oil is a built-in energy source.

Of course, cooked soybeans won't entirely eliminate the need for additional soybean meal in feeds because, pound for pound, the whole beans supply more fat than needed.

For example, using 340 pounds of cooked soybeans in making a ton of feed would add about 62 pounds of oil. Since this 340 pounds supplies all the fat desired in many rations but not all the protein desired, more protein from soybeans meal or other sources can be used in making the final feed. *(11)*

1963 SHOWS U.S. LEADS WORLD IN NET FLOW OF AID CAPITAL TO NEEDY NATIONS

Country	Bilateral assistance through:		Contribution to international agencies through:		Total aid
	Public sources	Private sources	Public sources	Private sources	
	Million dollars				
United States	3,540	813	181	5	4,539
France	834	314	29	1	1,178
United Kingdom	370	379	45	1	795
West Germany	399	153	25	11	588
Japan	161	95	12	—	268
Sino-Soviet Bloc	465	—	6	—	471
Other[1]	359	715	93	—49[2]	1,118
Total	**6,128**	**2,469**	**391**	**—31[2]**	**8,957**

[1] Includes the 10 OECD countries not listed above. [2] Repayment of securities by international agencies exceeded private purchases.

FOREIGN AID: WHO GIVES WHAT?

Sixteen nations have continuing programs to aid economic development in Latin America, Africa and Asia. A new ERS study assesses the U.S. effort in relation to that of France, the U.K. and other major donors.

BONN, Oct. 28, '64—For the first time, West Germany has granted a long-term foreign aid loan at only 1 per cent interest. Recipient is Rwanda in east central Africa.

PARIS, Jan. 7, '65—France today signed a new agreement to aid agricultural development in Senegal, a former French colony.

MOSCOW, Feb. 19, '65—The Soviet Union will help Tunisia build a national technical institute to train engineers and other badly needed specialists.

Such news items out of Europe tend to highlight the fact that the United States isn't the only nation helping the less fortunate.

Sixteen countries, all highly industrialized, have economic aid programs to assist the less developed regions of the world. Among them, in addition to the United States, are the United Kingdom, France, West Germany, Japan and the Soviet Union.

Where does the U.S. stand in comparison with the 15 other major contributors?

A new ERS study shows that we provide *over half* the total net flow of public aid and private capital going into the less developed world under the bilateral (direct country-to-country) assistance programs of *all* 16 nations. In 1963 we contributed almost $4.4 billion of the $8.6 million total (See table above; 1963 last available figures.)

Some of the 16 also contribute to the aid programs of several U.N. technical and financial agencies and such regional groups as the European Development Fund.

The ERS study shows that, as in the case of bilateral aid, the United States supplies *about half* of the funds going into the aid programs of the international agencies. Our share in 1963 came to $186 million of the $360 million total contributed.

The above totals include funds channeled through public (that is, government-sponsored) aid programs, plus capital investments and technical assistance from private industry.

Using the public-private breakdown, the study shows that the United States in 1963 supplied 58 per cent of all public aid and 33 per cent of all private capital under the bilateral programs of the 16 donor countries. In round figures, this means we put up $3.5 billion of the $6.1 billion total in public aid funds; $800 million of the $2.5 billion invested by private industry.

France is the second largest donor; in 1963 it furnished 13 per cent of the total capital flow, public and private, into the less developed world. Some 94 per cent of this aid went to former French territories in Africa. Recently, however, France has stepped up its aid to African

nations that aren't former territories as well as to Greece, India, Pakistan, Mexico and Turkey.

The United Kingdom is the third largest donor, supplying in 1963 about 9 per cent of total world aid. With a policy similar to the French, British aid goes chiefly to such Commonwealth countries as India and Pakistan. But London too, has recently expanded its program to include such non-Commonwealth nations as Chile, Algeria, Syria, South Vietnam and Korea.

Fourth largest donor is West Germany. Although most of its aid is in Deutsche mark loans rather than in grants or soft currency repayments, the government reduced its aid budget in 1964. This was an effort to shift more of the aid burden to the country's prospering private sector. Almost half of West Germany's public aid in 1964 was earmarked for Asian countries, about 17 per cent for such African nations as Liberia and the United Arab Republic (Egypt), another 10 per cent for European and Latin American countries.

Still far below the aid levels of the United States, France and others, the Sino-Soviet bloc had more than doubled its 1961 aid level of $200 million to $465 million by 1963. The United Arab Republic gets the lion's share, followed by India, Afghanistan and Indonesia.

If this then, is the world's economic aid picture, where does food aid fit in?

As in other categories, the United States is far and away the major contributor of food assistance.

Among other industrial nations, only Canada, Australia, France and West Germany have shipped sizable amounts of food, either for emergency use or development needs. In the 1952-63 period, these four nations shipped a total of $251 million in food and fiber, with Canada supplying 89 per cent. During the same period U.S. food and fiber aid came to $9.9 billion or 97.5 per cent of the world total.

Total U.S. food and fiber aid shipments since World War II: *$25.7 billion.*

The figures are for 1946 through fiscal 1964. They include shipments under our own programs and those of international agencies.

In the early postwar years, of course, U.S. food aid was used primarily to help war-shattered nations get back on their feet.

With the passage of Public Law 480 in 1954 the emphasis shifted to using food as a device to help emerging countries develop and diversify their economies. Prior to 1962 sizable quantities of food were also sent under the Mutual Security Act of 1954.

During fiscal years 1955-64, we shipped a total of $14.3 billion in foodstuffs to needy countries under concessional terms. These terms varied, but most shipments were made under P.L. 480's Title I whereby the recipient country paid in its own currency. Some of this currency was used to pay U.S. costs incurred in the country, but much was returned to the country as grants or as loans to help finance its economic development program.

Over the 1955-64 period, this $14.3 billion in food and fiber aid represented about one-third of our total farm exports, the rest being dollar sales. Similarly, farm commodity aid over the 1952-63 period made up about one-third of all U.S. economic assistance to other countries.

(For a discussion of how aid recipients become cash markets for U.S. farm products see *P.L. 480: Ship to Share Aid,* The Farm

FROM 1957 HIGH, AID SHIPMENTS AS SHARE OF U.S. FARM EXPORTS HAVE DECLINED

Year	Government programs		Commercial exports	Total exports	Government exports as a per cent of total exports
	Total Public Law 480	Mutual security			
	Million dollars				Per cent
1955	416	450	2,278	3,144	27
1956	1,012	355	2,129	3,496	39
1957	1,563	394	2,771	4,728	41
1958	1,024	227	2,752	4,003	31
1959	1,044	210	2,465	3,719	33
1960	1,143	167	3,207	4,517	29
1961	1,386	186	3,374	4,946	32
1962	1,586	74	3,482	5,142	32
1963	1,529	13	3,536	5,078	30
1964	1,539	23	4,512	6,074	26
1955-64	12,242	2,099	30,506	44,847	32

Foreign Spotlight

PARAGUAY. Abundant and frequent rains coupled with remarkably mild temperatures have resulted in the most favorable crop prospects in years. Total production in 1965 may exceed all records. Sugarcane output is forecast at 57,000 metric tons, about one-fifth larger than last year's high. And the tobacco crop is likely to reach 15,000 metric tons, nearly double that of 1964.

GREECE. Effective May 1, duties on Greek tobacco imported into the European Common Market (of which Greece is an associate member) were lowered by another 10 per cent of each member country's rates in force at the time the market was established in 1957. This last cut means that importers in France and Italy pay no duty on Greek tobacco compared with an equivalent of 7.7 cents per pound for U.S. tobacco. For imports into Belgium and the Netherlands, the rate is 1.1 cents compared with 9.9 cents for U.S. tobacco, and in West Germany 5.8 cents compared with 18.4 cents. Duties on Greek tobacco in all Common Market countries are scheduled to be reduced to zero by 1970.

PHILIPPINES. Despite protests from domestic growers, President Macapagal is going ahead with plans to import 595,000 tons of rice to fill an anticipated shortage. He has the backing of the Philippine Supreme Court which rejected by a 6 to 5 vote a petition for an injunction which would forbid the rice imports. Most of the rice will be supplied by Thailand and Burma; however, the U.S. has agreed to ship 100,000 tons under a P.L. 480 agreement. *(13)*

Index, February 1965.)

In conclusion, the ERS study points out that bilateral programs like our P.L. 480 effort will be needed for some time to come.

Food demands in emerging countries are multiplying faster than domestic food output. Populations are increasing rapidly and people's aspirations to eat better are also rising. Much of this food will have to be imported, yet the countries that need it most don't have foreign exchange to buy it.

It isn't likely that the international agencies can undertake a program comparable to P.L. 480 in the near future. The United Nations launched a three-year experimental food aid program in 1963. By the end of 1964 some 70 countries had pledged $93.7 million in farm commodities, services or cash. The U.S. put up 53 per cent of the total.

This U.N. program with 70 sponsors is shooting for a $100 million program over three years. For the P.L. 480 program, we are currently spending $1.5 billion each year. Thus, the U.S. program costs $4.5 billion over a three-year period, 45 times that of the current U.N. program. *(12)*

Export Payments Up 5 Per Cent; More Supported Foods Are Shipped

U.S. exports got a little more help from Uncle Sam in fiscal 1964 than they did the previous year in an effort to meet competitive world prices, which are lower than ours for a number of farm commodities.

Final figures, just assembled, show that 38 per cent of all U.S. farm exports received export payment assistance, compared with 33 per cent in fiscal 1963.

This assistance included export payments in cash or in kind, plus sales from government-owned or loan stocks at less than the domestic prices. The program in fiscal 1964 cost $822 million on exports valued at $2.3 billion. (This doesn't count $300 million in food aid shipped under P.L. 480.)

Big reason for the 5 per cent increase in the proportion of exports getting government assistance in fiscal 1964 was simply that commodities needing assistance made up a larger share of total exports than the year before. They were wheat and flour, cotton, rice, nonfat dry milk, milkfat and butter.

The need for export assistance arises, of course, from the fact that U.S. farmers get a higher domestic price for these commodities than farmers in most other exporting countries. Thus, the world price is considerably below our domestic price.

In these commodities U.S. exporters can compete abroad by selling at the lower world price, with the government paying them the difference between the world price and our domestic price. Benefits of the program work their way back to the U.S. farmer; he sells far more wheat than he could otherwise.

Despite the need for export payments on some commodities, well over half of all U.S. farm goods—$3.5 billion of the $6.1 billion total—moved abroad in fiscal 1964 without export assistance.

For example, 98 per cent of the oilseeds and products was sold commercially without export payments. So, too, was 96 per cent of all tobacco, and *all* feed grains, *all* meats and *all* fruits and vegetables. *(14)*

THE 1965 WESTERN HEMISPHERE AGRICULTURAL SITUATION. Western Hemisphere Branch, Foreign Regional Analysis Division. ERS-For. 113.

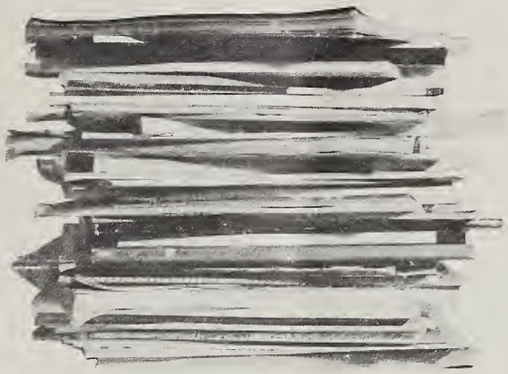
Both total and per capita agricultural output for 1964/65 are estimated to be down significantly, largely the result of poor weather. (See March 1965 Farm Index.)

THE 1965 WESTERN EUROPE AGRICULTURAL SITUATION. West European Branch, Foreign Regional Analysis Division. ERS-For. 114.

Agricultural production in 1964/65 increased to a record level, about 1 per cent above the 1963 high. (See March 1965 Farm Index.)

EFFECTS OF DEFOLIATION, HARVESTING, AND GINNING PRACTICES ON MICRONAIRE READING, FIBER PROPERTIES, MANUFACTURING PERFORMANCE, AND PRODUCT QUALITY OF EL PASO AREA COTTON, SEASON 1960-61. P. E. La Ferney, Marketing Economics Division, and R. A. Mullikan and W. E. Chapman, Agricultural Research Service. MRR-690.

The primary objective of this study was to determine the effects of different defoliation, gin cleaning and gin drying treatments on several fiber, yarn and processing variables and on returns to producers and the costs of manufacturing. (See April 1965 Farm Index.)



recent publications

The publications listed here are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources *are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained only by writing to the issuing agencies of the respective states.*

ESTIMATES AND PROJECTIONS OF MILK PRODUCTION AND USE ON CONCENTRATE FEEDS, INDIA, 1951-1976. J. W. Mellor and B. de Ponteves, N. Y. College of Agriculture in cooperation with the Foreign Regional Analysis Division. Cornell Intl. Agr. Devel. Bul. 6.

The purpose of the study is to illustrate the problems in estimating production of a commodity such as milk in a low-income country. The study also indicates the special and growing importance of concentrate feeds in relation to agricultural development, the special problems of making projections of supply and demand for concentrate feeds, and some of the steps that may be taken toward solving these problems.

EVALUATION OF A SPECIAL PROMOTIONAL CAMPAIGN FOR FROZEN CONCENTRATED ORANGE JUICE. P. L. Henderson and M. E. Thigpen, Marketing Economics Division. MRR-693.

The use of coupons as a means of price concessions had distinct advantages over a straight price reduction in this campaign. For example, the coupons directed promotional appeals to nonusers and to "bargain hunters" without changing the consumers' conception of the regular price. (See January 1965 Farm Index.)

PRIVATE MOTOR CARRIERS OF EXEMPT AGRICULTURAL COMMODITIES —NUMBER, LENGTH OF TIME IN BUSINESS, TYPES, AND CAPACITY OF VEHICLES. T. Q. Hutchinson, Marketing Economics Division. MRR-696.

In 1961, the 701 private motor carriers in the study reported carrying more than 11 million tons of exempt farm commodities. (See March 1965 Farm Index.)

Numbers in parentheses at end of stories refer to sources listed below:

1. R. A. Young, An Economic Study of the Eastern Beet Sugar Industry, Mich. Agr. Expt. Sta. (M*) ; 2. L. A. Jones and D. K. Larson, Economic Impact of Federal Crop Insurance, Selected Areas, Montana and Virginia (M) ; 3. Agricultural Finance Review, Supplement—Dec. '64, Vol. 25 (P) ; 4. & 5. Feed Situation, FdS-208 (P); 6. V. E. Eitel, Characteristics of Farm Mortgage Recordings, ERS-218 (P) ; 7. E. E. Gavett, Truck Crop Production Practices—Erie County, New York—Labor, Power, and Materials, by Operation, ERS-207 (P); 8. J. D. Cowhig, Characteristics of School Dropouts and High School Graduates, Farm and Nonfarm, 1960, AER-65 (P) ; 9. W. K. Burkett and J. F. Thompson, Income Problems of Rural Families in South Central Kentucky, Univ. of Ky. Agr. Expt. Sta. (M*); 10. W. G. Heid, Jr., Changing Structure and Performance of the Northeastern Grain Marketing Industry (M); 11. H. O. Doty, Jr., "Cooked Soybeans for Feed," Fats and Oils Situa., FOS-227 (P); 12. F. D. Barlow, Jr. and S. A. Libbin, The Role of Agricultural Commodity Assistance in International Aid Programs, ERS-For. 118 (P) ; 13. Foreign Regional Analysis Division (SM); 14. E. N. De Blois, "Export Payment Assistance to U. S. Agricultural Exports, Fiscal Year 1963-64." For. Agr. Trade, May '65 (P) ; 15. R. C. Lifquist, Variations in Food Prices (S) ; 16. Vegetable Situation, TVS-155 (P).

*Speech (S); published report (P); unpublished manuscript (M); special material (SM). * State publications may be obtained only by writing to the experiment station or university cited.*

Light Bulbs for Lunch

Think food prices are high? Or is it your supermarket bill?

In 1963, more than half the toothpaste used was bought in supermarkets; nearly three-fourths of the paper products. And don't forget the lightbulbs, razor blades, dishes, and in some supermarkets, even socks and shirts. And if none of these have beefed up your grocery bills of late, how about soap, mops, magazines, records or cosmetics? Research shows about 20 per cent of our "grocery bill" is for nonfood items. *(15)*

No Potato Chip Dip

Consumption of potato chips, per person as well as total, has risen steadily for the past 10 to 15 years.

Potato chip popularity has helped to keep per capita consumption of potatoes steady at 105-110 pounds a year in spite of a moderate decline in mealtime (as opposed to snack) use of spuds.

The chip share of potato consumption per person moved from a 1956-57 average of 9 per cent to 12 per cent for 1962-63.

Frozen potato products moved from a 3 per cent share of use per person in the mid-1950s to a 10 per cent share in the early 1960s. Dehydrated potatoes increased their share from 2 per cent to 5 per cent. These three processed forms are in direct competition with fresh potatoes for mealtime use. They pared the fresh potato share of consumption per person from 86 per cent in 1956-57 to an average of 73 per cent in 1962-63. *(16)*

THE FARM INDEX

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Numbers in parentheses at end of stories refer to sources listed at end of issue.

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